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CORRELATION OF PROPORTIONS AND RATES OF DEVELOPMENT OF VARIOUS BRANCHES IN THE PROCESS OF INDUSTRIALIZATION

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Correlation of proportions and rates of development of various branches in the process of industrialization

by

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1. Notwithstanding the importance of each useful social activity, the decisive sphere of human activity is material production whose dynamics conditions and determins the economic, social and cultural progress.

2. Owing to the diversity of production, of the varied necessary material and human resources, of the technical means used, as well as of the many relations of interdependence which appear as a consequence of the deepening of the internal and international division of labour, activity in the field of production and the process of reproduction have nowadays reached a very high degree of complexity, degree which is getting ever more accentuated. Under such circumstances, the organization of the process of production, the correlation of proportions and rates of development between various branches and sub-branches of the economy, with a view to achieving the necessary equilibrium during the proportional and harmonious increase of the entire national economy, has become an imperative necessity.

3. Historic experience shows that in developing material production, the decisive factor is the rise of industrial output and respectively - under certain historical conditions - the process of industrialization. Owing to the role of industry in the contemporary economic development, this process although with a more reduced sphere, has a degree of complexity similar to production and reproduction considered at the scale of the national economy. Fully justified is therefore the attention granted to the problems linked with the correlation of proportions and rates of development of various branches in the process of industrialization, and together with it to the improvement of the methods used in this respect.

4. In order that the process of production considered all over the economy, should ensure a large-scale, proportional and harmonious reproduction, it must be unfolded in accordance with the requirements of the necessary objective proportions between various branches of economy and first of all between industry - as a leading branch - and the other branches of material production. The way in which they are carried out is conditioned by the social system. In our opinion the decisive role in this direction is played by the way in which society is organized, the existing relations between the members of society in the process of production, distribution and consumption; depending on these relations, the proportions between accumulation and consumption, the limits of internal market are created as well as a certain degree of using material resources and labour forces, that is the very essential parametres which influence the development of economy as a whole and implicitly the process of industrialization. Experience and contemporary realities show that the highest rate of increase in production, the most judicious proportions

between the branches of economy within it, a continuously ascending development without oscilations of the industry, have best conditions of implementation in the social system in which the relations of exploitation between the members of society ceased, the means of production are social property and the management of economy has a planned character representing one of the main functions of the state. The social property over the means of production makes possible the union into a single economic body of the numerous industrial, agricultural, construction and transport enterprises, whose activity subordinated to the satisfaction of the material and cultural requirements of the members of society, ensures the conditions for an economic policy, promoted on the basis of a unique scientifically grounded state plan. The anarchical action of the economic laws characteristic of the economy of market in the repartition of materialized labour and in establishing the proportions between branches is removed

5. Such excellent conditions for the economic policy have been created in the Rumanian People's Republic, our experience confirming them by the results obtained in developing economy and culture, by the successes in the process of industrialization. In Rumania, before the installation of the people's democratic regime, industry was maintained in a state of backwardness, the entire economy being poorly developed. Such important branches as electric power, chemical, metallurgical and machine-building industries had a relatively unimportant weight. Rumania imported nearly 95 per cent of the necessary machines and equipments. For one ton of imported products, we exported on the eve of the World War 8 to 10 tons of Rumanian products.

6. The experience of our country and of the other countries shows that in order to liquidate economic backwardness, in order to reach a higher economic potential in as short a time as possible, the line of constantly promoting the policy of industrialization must be followed, as a key factor of the development of all economic branches. From the many aspects raised by this problem we will deal in the present paper with Rumania's experience, especially in connection with the proportions within industry.

7. It is a well-known fact that the rate of development of the industrial output (in general or in a certain branch) is determined also by the rate of accumulation in fixed productive funds and by their efficiency.

In its turn this depend on the level of the national income and on its distribution in the consumption and accumulation funds. Rumania's experience showed that during the process of industrialization, the concurrent assurance of the systematic growth of the living standard and of a constant rate of many-sided development of economy is possible when the accumulation fund generally represents about 20-25 per cent, and the consumption fund 75-80 per cent of the national income. Under these determined conditions, it means that observing the requirements of the systematic increase in the material and cultural level, in each current period of the plan - the bigger the funds invested in productive actions with an increased economic efficiency, the higher the rate of increase of production, thus extending the technical, material basis necessary for the growth of the living standard in the future too. That is why parallel with the increase in the potential of the national economy, the volume of the funds invested went up in our country, and concurrently with the preoccupation for raising their efficiency, the funds necessary for the continuous and systematic growth of the living standard have been ensured at the same time. Out of the total volume of

funds invested for instance, in the period 1951-1961, over 52 per cent was alloted to industry, most of it being earmarked for those branches which contribute to raising the technical level of industry, to expanding the basis of raw materials and their superior turning to good account. As a consequence the volume of fixed productige funds in industry increased 2.6 time from 1950 to 1961, which, together with the rise of economic efficiency of their utilization determined a 3.9 times increase of industrial production in the same period of time. That means that each percentage of increase in production was achieved with a relatively smaller growth of the fixed funds (0.67 per cent), therefore by an increased efficiency of these funds.

8. a)The fact that in the last decade the industrial output annually increased by over 13 per cent on an average, and that in 1961 the volume of production exceeded nearly 5.8 times that of 1938, proved the results of the policy of industrialization and the participation of industry in proportion of nearly 1/2 in the national income, compared with approximately 1/3 in 1938, confirms the primordial position won by industry in the economy of our country, with all its consequences regarding the economic potential, the rise of social productivity of labour and the growth of the living standard.

b) The basic proportions in economy have therefore changed. While in the pre-war period agriculture had the predominant role in the Rumanian economy, at present, industry has become the leading branch, which is reflected in the weight of the two branches from the sum of the industrial and agricultural production (calculated in comparable prices 1955):

	1938	1961
i) The sum of overall industrial and agricultural production	100	100
ii) industry	32	64
iii) agriculture	68	36

9. Parallel with the increase in the volume of industrial output important qualitative transformations took place in its structure in the sense of the rise of the production of the branches of the means of production (Group A), in the conditions of a powerful development of the branches producing consumer goods (Group B):

in percentages

	The average annual rate of production increase in the period 1951-1961	Weights related to the total production in 1950	1961
Total of industry	13.2	100	100
Group A	15.0	53.0	60.9
Group B	10.9	47.0	39.1

10. For a correlated and proportional development between various branches in the process of industrialization, special attention has been given to the development of the power basis, and the increase in the resources of raw materials. On the basis of a 10 year plan (1951-1960) the action for the country's electrification was proceeded to, as one of the urgent and most important tasks in the process of industrialization. The efforts

consumption, of the proportions of development between various branches of the national economy and between the various branches of industry, attention is always granted to the place and role of foreign trade exchanges, whose relative increases proportionally with our economy becoming more complex, and its participation in the international division of labour is deepening. were concentrated for the increase in the extraction and production of ferrous and non-ferrous ores. Iron and steel industry and the output of machine-building industry have powerfully developed in correlation with one of the fundamental requirements of the national economy - metal and production tools.

11. The preoccupation to expand as absolute volume and variety the primary resources of raw materials has blended with that of their superior turning to good account - in all branches and especially in the chemical, petro-chemical and wood processing industries etc - in order to obtain an ever larger range of products required in modern technological processes, to use the resources unused or partially used in the past generally, to raise the degree of industrial processing and thus to obtain an increase in the value created by materialized labour.

12. The analysis of the structure and rise of production on the main industrial branches as well as of the correlations between them also shows the priority development of the decisive branches for the progress of the national economy.

	Increase of production in 1961 compared with 1938	Correlation between rise of production as a whole and the main branches	Structure of production %	
			1938	1961
a) Overall production of the entire industry	578%	1.0	100	100
b) Electric and thermic power	12 times	2.08	1.1	2.5
c) Fuel	287%	0.5	16.8	8.6
d) Industry of ferrous metallurgy (including extraction of ferrous ores)	855%	1.48	4.1	6.5
e) Machine-building and metal processing industry	13 times	2.25	10.2	25.1
f) Chemical industry	14 times	2.42	2.7	6.8
g) Building materials industry	13 times	2.25	1.2	3.1
h) Timber industry	402%	0.70	9.5	7.1
i) Light industry	586	1.01	16.1	16.6
j) Food-stuff industry	273	0.47	32.4	17.6

13. The correlation between production and consumption, the unity and equilibrium between them is ensured by the use of the entire social produce and of the national income in keeping with the general interests linked with the ascending proportionally balanced development at every moment and in the future. At the basis of this equilibrium lies the conditions existing in the socialist society, in which the home market is continuously developed both by the expansion of productive consumption - as a consequence of the constant resumption of the production process in increased proportions and of the permanent growth of the volume of investments - and by the systematic raising of the people's consumption which represents, in the last analysis, the central objective of the entire social and economic activity.

14. Naturally, in the correlation of production and

15. Regarded from the territorial aspect, the proportions in the economic development must have in view the continuous improvement of the distribution of the forces of production and the rise on this basis, of the poorly developed regions to an ever higher level. In concordance with this requirement, production capacities have been developed to a great extent, important industrial units have been put into operation in Rumania, in regions such as Bacau, Dobrogea, Oltenia, Arges, Mures Magyar Autonomous and so on, which formerly had a reduced industrial activity, and which have intensified the economic activity in these regions. It is significant in this direction the fact that in the period 1951 - 1961, compared to the average annual rate of 14.1 per cent as the industrial output of the socialist sector increased as a whole, in the afore-mentioned regions, the average annual rate was of 15.1 per cent in the Bacau region, 17.1 per cent in the Dobrogea region, 15.9 per cent in the Oltenia region, 15.1 per cent in the Arges region 16.4 per cent in the Mures Magyar Autonomous region.

16. On account of the many equilibriums which the process of social production implies the main method used in working out the plan of the development of the national economy, of fundamenting the rates and proportions comprised in the plan and implicitly of the development of the branch of industry, is the balance-sheet method. The calculation technique of the balance-sheet is subordinated to the scientific analysis of the economic processes, taking into account the objective economic laws which are acting in our social system, the balance-sheets are thus a precious help in planned management.

17. a) In the practice of our country, several categories of balance-sheets are used: balance-sheets of natural expression, balance in value expression and balance-sheets of labour force, all of them forming a system of mutually interdependent balance-sheets organically linked among them, which permit a synthetical and analytical characterization of the past, present and future equilibriums in economy

b) The balance-sheets of natural expression are drawn up for the main raw materials, materials, machines, equipment, installations, consumer goods etc. The equilibrium between the material resources and their use is achieved with their aid, taking into account the capacities available and the output which can be thus obtained, on the one hand, and the distribution of the resources thus obtained for home consumption (productive and unproductive) for the creation of the reserves and stocks necessary, or for export, on the other. The fact that the working out of production plans begins with the establishment of the necessities of the national economy on the basis of material balance sheets enables the rational distribution of material, labour and financial resources of the country between various branches as well as the efficient utilization of these resources. Special studies are worked out parallel with the drawing up of balance sheets for determining the influence of the technical progress both as regards the possibilities of production and the rational use (in the process of production) of their resources.

between branches and sub-branches, drawn up at the scale of the entire economy or for the industrial branches and sub-branches.

The system of coefficients determined with the aid of it, ensures the knowledge of the mutual fluxes of goods and products, as well as the relations with other plan indices such as: the national income, the consumption by the population, accumulation etc. Once established, the correlations of this kind permit the examination of the reciprocal and conjugated consequences, in the hypothesis of changing certain proportions; they permit the examination of several variants and the choosing of the best solution according to the effects which are registered in the qualitative proportions of the plan. The use of various mathematical methods and of the electronic computing technique, starting from the scientific analysis of the economic phenomena, considerably enables the efficient solving, in a short period of time, of the complex problems of causality and interdependence resulting from the drawing up of such a balance, as well as in the analysis of other aspects of the process of production and reproduction.

d) The balance-sheets in value expression comprise the balance of the social produce and of the national income, the trade balance and the balance of foreign payments, the state budget and the centralized financial plan, the balance of money incomes and expenditure of the population, etc., each of them characterizes the proportions and determines the equilibrium between various sectors, sides and aspects of the general equilibrium reflected in the state plan of the national economy. Thus, the balance-sheet of money incomes and expenditure of the population is used for ensuring the concordance between the purchasing power of the population and the fund of goods. This value balance-sheet, together with the material balance-sheets on products of the consumer goods, mainly determin the volume of goods necessary for the people's consumption, as well as its structure on products and ranges required by the population, which permit their full correlation with the level of production in various branches of industry, respectively the correlation of the main parts of the people's consumption with the industrial activity.

In determining the structure of the products and ranges of goods destined to the people's consumption, an essential role is naturally played by the results of the special studies and sampling permanently carried out regarding its demand of present and future consumption.

e) The requirements of cadres correlated with the development of material production, with the expansion of social and cultural actions and of other activities of general interest, as well as the sources for satisfying them, the way of training, etc. are determined with the aid of the balance-sheets of labour force. These balance-sheets are drawn up at the scale of the national economy, on its main branches and activities, on more important categories of professions and specialities. In the calculations regarding the man power resources, an essential preoccupation is that of using them in the sphere of material production and in other useful social activities, pursuing the increase in social labour productivity and together with it the growth of the living standard on the basis of raising qualification - respectively of the relative extension of the complex work in the national economy. The political, social and organizational conditions which characterize the planning of the socialist economy, enable a full correlation between the existing labour force, its distribution and use at every moment and in the future.

f) The main rates and proportions determined with the aid of various balance-sheets used in the technique of planning are merged, in the most synthetical form, in the balance-sheet of the national economy which thus characterizes the essential aspects of the process of production, distribution and consumption. In this way, in the socialist economy, by the correlation of the rates and proportions of development of various branches - using as a main instrument the balance-sheet system - a proportional development of the national economy is ensured.

18. The plan is drawn up by state central and local bodies with the active participation of some broad circles of cadres from production, from various units called upon to implement the future plan provisions scientific research workers, etc. At the production meetings organized by trade unions in factories and enterprises, at the standing committees of the people's councils, as part of the public control, millions of people show their creative initiative taking an active part in the drawing up and completion of the plan, in the adoption of the best solutions. In the process of drawing up the plan, of correlating the rates and proportions, the centralized leadership and the scientific work of some technical bodies of speciality of the economy is thus combined with the initiative of the broad masses of the working people so that the state plan - apparently only a technical instrument which characterizes by its system of indices the many equilibriums in the national economy - is in fact a programme of peaceful work of the entire people.

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